

House Energy and Commerce Committee
Subcommittee on Oversight and Investigations Hearing:
“Internet Data Brokers and Pretexting: Who has Access to Your Private Records?”
June 21, 2006

Testimony of Mr. David Gandal

I would like to thank the committee for allowing me to appear before you. You may already know this, but I want to firstly bring home the point that I contacted the committee. I did this almost immediately after the committee sent out their first group of letters to data brokers and informally provided the investigation with information and explanations about the data broker industry. In fact, my name would not have come up along the avenues the committee used in compiling data for their investigation. The reason for this is I work in a small corner of the data broker industry. I work for automobile financiers and their respective repossession companies. I do not market or offer any services to the general public.

I have been a skip tracer and information broker in this small corner of the data broker industry for more than twenty years. I should note that after speaking with a representative of the committee at great length, I decided to suspend my operations with regards to cellular call detail information. A few years ago I saw these web sites popping up which offered private telephone information to anyone with a credit card. To begin with, I found this practice terribly irresponsible of the information brokers

involved. They did not control where this sensitive information was going or what it was going to be used for. Nor did they seem to care. I also felt that their existence would shake up the wireless companies where skip tracers had worked quietly for so long. So I called the committee and I asked the committee if they were trying to shut down the repossession industry and it didn't seem that their focus was really recovery agencies, but without a common understanding I felt the committee had no chance of seeing a permissible purpose here. So I wanted to help. I assisted the committee by helping it understand how pretexting is done and what clients are soliciting for this information for what I see as permissible purposes. I drew a line of distinction between the auto financiers searching for a vehicle and the 'Plain Joe' who wants this information for his own personal and possibly dangerous reasons. I am proud of my service to dozens of financial institutions over the past two decades and it shook me pretty bad to find that my profession was to be effectively criminalized. So please allow me to speak of another profession that I feel should be criminalized before the only support for every auto financier in America receives this fate: The Professional Debtor. This is the individual who uses true name fraud in order to purchase dozens of vehicles which he has no intention on paying for. He may give the cars to friends or family but many times he will sub-lease the vehicles and pocket the money that the third party lessee gives him.

The sweeping changes in credit granting that took place in the 1970's opened new opportunities in the 80's and 90's, these being the sub-prime auto lenders. They charge the highest interest rates allowed by law and they do this proudly as they keep the mass of Middle America with dependable transportation. There was a time not long ago when

a consumer with questionable credit did not get a car loan, plain and simple. Now, it is an educated guess that nearly fifty percent of American consumers have questionable credit. I have checked this figure with several experienced managers in lending offices and they concur. The sub prime lender is the only friend a guy's got after two previous repossessions and a bankruptcy. He's going to need a car in order to dig himself out of the whole he finds himself in, and forgive me for the gender choice; it could have been a single mother as well. The sub prime lender will give that man a second and even third chance. And they do this because they have the ability to recover the vehicle should the payments get too far behind. Well, take away the last tool of their career salvation, the skip tracer at the repossession company and you will see that those with questionable credit will no longer be getting cars financed. No longer buying those cars then...nearly fifty percent of America, and it's all on the coattails of that professional debtor I spoke of. He is the one who laughs at the reposessor when he finally is located. So the skip tracer fights back on the only battleground available and that is the way it has been for fifty years in this industry. As an expert skip tracer in the repossession area, I would like to offer two options to the committee to be considered as solutions to this problem.

First, allow financial institutions and their agents thereof to continue the use of pretext in order to garner information otherwise not available in order to effectuate a legal and timely repossession.

The other option is to create a liaison between the US government and the auto finance and recovery industry where information could be related to the telephone

companies via their subpoena compliance departments and the needed info then forwarded back to the recovery agency. In fact to take this a step further, true name fraud is so prevalent in this day and age that I feel a liaison representative should be able to contact these debtor and demand that the units be returned immediately.

In summary, there is a need for this information, just as there is a need for the sub prime auto financier. I again honestly and humbly thank you for this opportunity today.